



## OFFICE RENTDATA 2019

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# OFFICE RENTDATA

2019

## Tokyo Redevelopment Projects





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Midtown Tower

Sumitomo Fudosan Roppongi Grand Tower

Ark Hills Sengokuyama Mori Tower

The Okura Prestige Tower

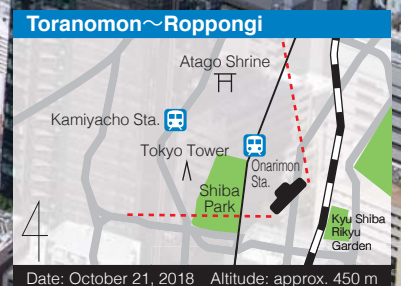
Kasumigaseki Building

Toranomon Hills Mori Tower

Toranomon Hills Business Tower  
▶ P3

Kamiyacho Trust Tower  
▶ P4

Atago Green Hills Mori Tower





Tokyo

Accelerating Redevelopment to Establish a Global Business Hub

Toranomon Hills Business Tower

Forming a Community around an Integrated Redevelopment Project

Mori Building Co., Ltd. completed Toranomon Hills Mori Tower in 2014 with an aim to enhance and evolve the Toranomon area. It is now being expanded with the construction of another three buildings on a neighboring site. Once completed, the company aims for the four-building complex to form the hub of a new community.

Large-Scale Multi-Use Development Project Driven by a Combination of Factors

The new large-scale, three-building development was announced in April 2016, following the completion of Toranomon Hills Mori Tower. Mori Building has frequently pursued redevelopments incorporating the so-called “number buildings” that it developed in the past, and both of these projects were boosted by the combination of various factors, including Tokyo’s selection as host of the 2020 Olympic Games, the plan to open a new station on the Tokyo Metro Hibiya Line, and the new establishment of the National Strategic Special Zone system. These have led to a rapid increase in momentum for new urban development in the

area where the projects are located. Following Toranomon Hills Mori Tower, completed in June 2014, development will continue with the buildings provisionally named Toranomon Hills Business Tower, Toranomon Hills Residential Tower (Tentative Name), and Toranomon Hills Station Tower (Tentative Name).

Project’s Key Feature is the Opening of an Innovation Center

Toranomon Hills Business Tower is scheduled for completion in December 2019. The building will be around 185 meters high, with 36 aboveground floors, three underground floors, and three penthouse floors. The ground floor will house a bus terminal. Commercial facilities will occupy the third floor to the first basement floor, while there will be an innovation center on the fourth floor and offices on the fifth to 36th floors. At the bus terminal, users will be able to board the BRT (bus rapid transit system) under development by the Tokyo metropolitan government, which is expected to provide a transport link to the Tokyo waterfront. Access by car should improve substantially once Loop Road No. 2 is fully open. Assuming the building is served by Airport

L i m o u s i n e Buses, Haneda Airport will also be readily accessible, which means it has the potential to serve as a gateway to the Tokyo area. A key feature of the project is the innovation center to be opened on the fourth floor. This facility will bring together innova-

tors from a wide range of fields including entrepreneurs, new business managers at large companies to corporate executives. Its goal is to support the creation of new business through exchange and nurturing.

Forming a Community That Combines Diverse Elements

The next building is Toranomon Hills Residential Tower (Tentative name), tentatively scheduled for completion in January 2021. At about 220 meters high, with 54 aboveground floors, this building is expected to become Japan’s tallest residential building. It will house around 550 residential units, along with amenities such as a members-only spa and childcare support facilities. The aim is to create an appealing community that leverages the distinctive features of the Toranomon area.

After that, Toranomon Hills Station Tower (Tentative name) is scheduled for completion in February 2023. Since this project will be integrated with Toranomon Hills Station on the Tokyo Metro Hibiya Line, it will be highly accessible. The mixed-use building will house offices, a hotel, and commercial facilities, along with a business promotion center on the top floor with an aim of becoming a hub of new business and innovation accessible to large companies, startups, entrepreneurs and the public.

With the addition of these three buildings, Toranomon Hills will expand to a total site area of around 7.5 hectares, around 240,000 tsubo [792,000 m<sup>2</sup>] of total floor area (including 90,000 tsubo [297,000 m<sup>2</sup>] of office space and 8,000 tsubo [26,500 m<sup>2</sup>] of commercial space), and 4,500 tsubo [14,850 m<sup>2</sup>] of green space. They will drive Toranomon’s evolution into a new international urban hub and global business center performing a wide range of functions.



Panoramic view of exterior  
Image courtesy of Mori Building Co., Ltd.

Tokyo

A Tower Symbolizing Kamiyacho’s Transformation into a Global, Creative Area That Generates New Value

Kamiyacho Trust Tower

A Hub Serving as a Gateway Linking the World to Both Tokyo and Japan

Mori Trust Co., Ltd., a major developer based in Toranomon, Minato Ward, is moving forward with the development of a new landmark that will symbolize Tokyo’s status as an international city. The project site occupies a prime location directly connected to Kamiyacho Station on the Tokyo Metro Hibiya Line. It will be an integrated redevelopment project centering on the former site of Pastoral Toranomon, a hotel facility that was owned by the Mutual Aid Association of Agriculture, Forestry and Fishery Corporation Personnel. Before construction began, it was provisionally named the Toranomon Yon-chome Project. In March 2015, it was accredited as the first Architecture Remodeling Project for National Strategic Urban Planning designated by the Cabinet Office, and it also received accreditation as a National Strategic Private Sector Urban Renaissance Project. Upon the start of construction in October 2016, it was decided to name the project “Tokyo World Gate,” signifying its role as a gateway linking the world to both Tokyo and Japan.

Supporting Innovative Office Development

The main building of this project, Kamiyacho Trust Tower will have 38 aboveground floors and three underground floors. Six floors (the 31st to 36th) will be occupied by Tokyo Edition Toranomon. Edition is Marriott International’s

premium luxury hotel brand, and Mori Trust has succeeded in bringing it to Japan for the first time.

The building will have a total of 28 office floors, from the third to the 30th floor, with an average area of around 1,160 tsubo [3,828 m<sup>2</sup>]. The large, column-free floor plate accommodates the needs of tenants who wish to consolidate offices that are divided between multiple floors or buildings in a single location. Moreover, all offices will feature state-of-the-art specifications, including LED lighting, high ceilings (2,900 mm) that create an open, spacious feel, raised floors (150 mm), and a standard floor load of 500 kg/m<sup>2</sup> (1,000 kg/m<sup>2</sup> in heavy-duty zones). Each floor will also have interior air-conditioning enabling the temperature to be controlled within 72 different zones of approximately 50 m<sup>2</sup> each, while the perimeter areas will be equipped with 58 individual air-conditioning units per floor plus natural air vents.

Flap barriers will be installed on first underground floor to the second aboveground floor, providing strict security. Thorough BCP measures will also be taken, including the use of a hybrid damping system that will deliver vibration suppression performance that is 1.5 times superior to that required for standard high-rise buildings. In the event of a prolonged power outage, the



Ground-level view of exterior  
Image courtesy of Mori Trust Co., Ltd.

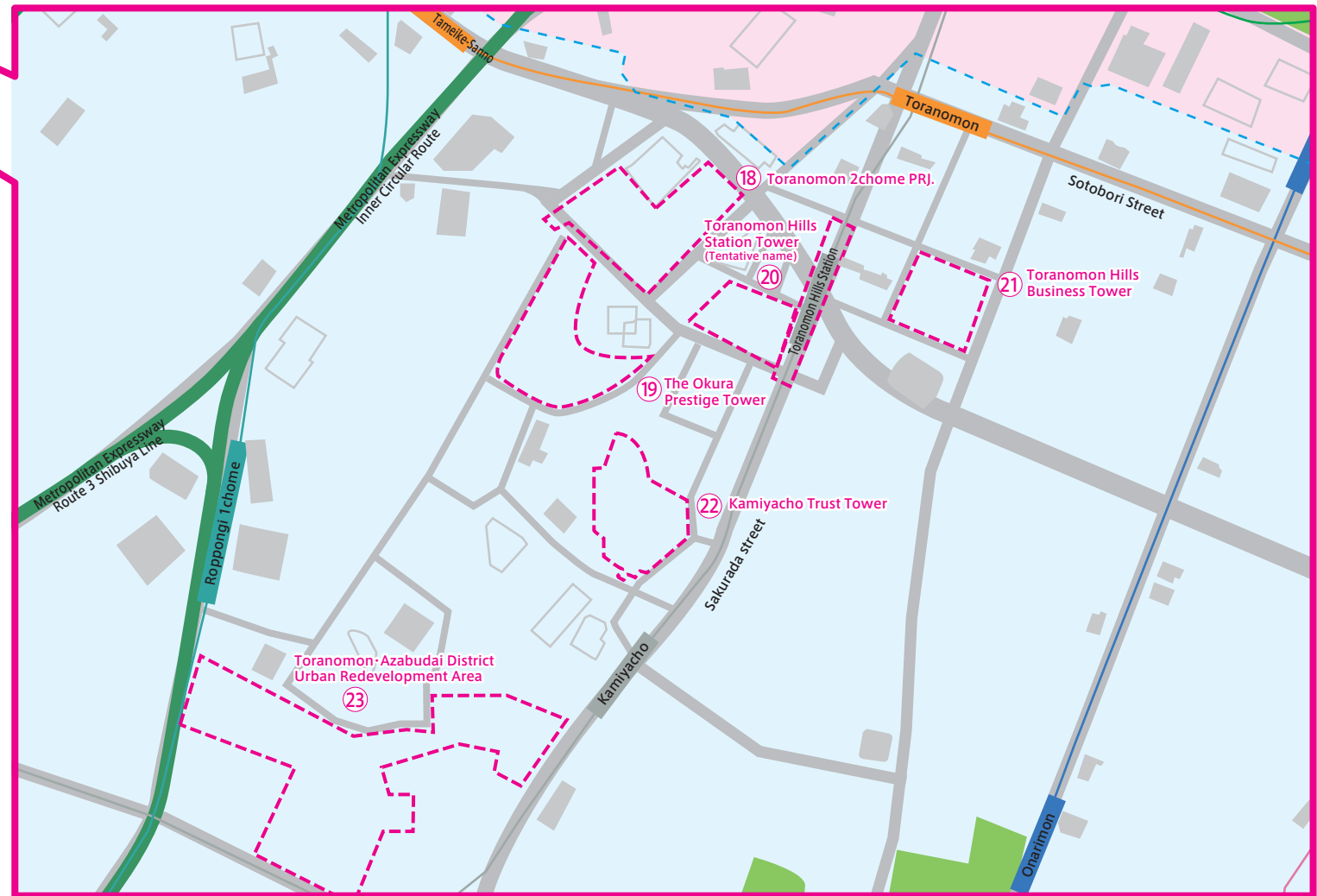
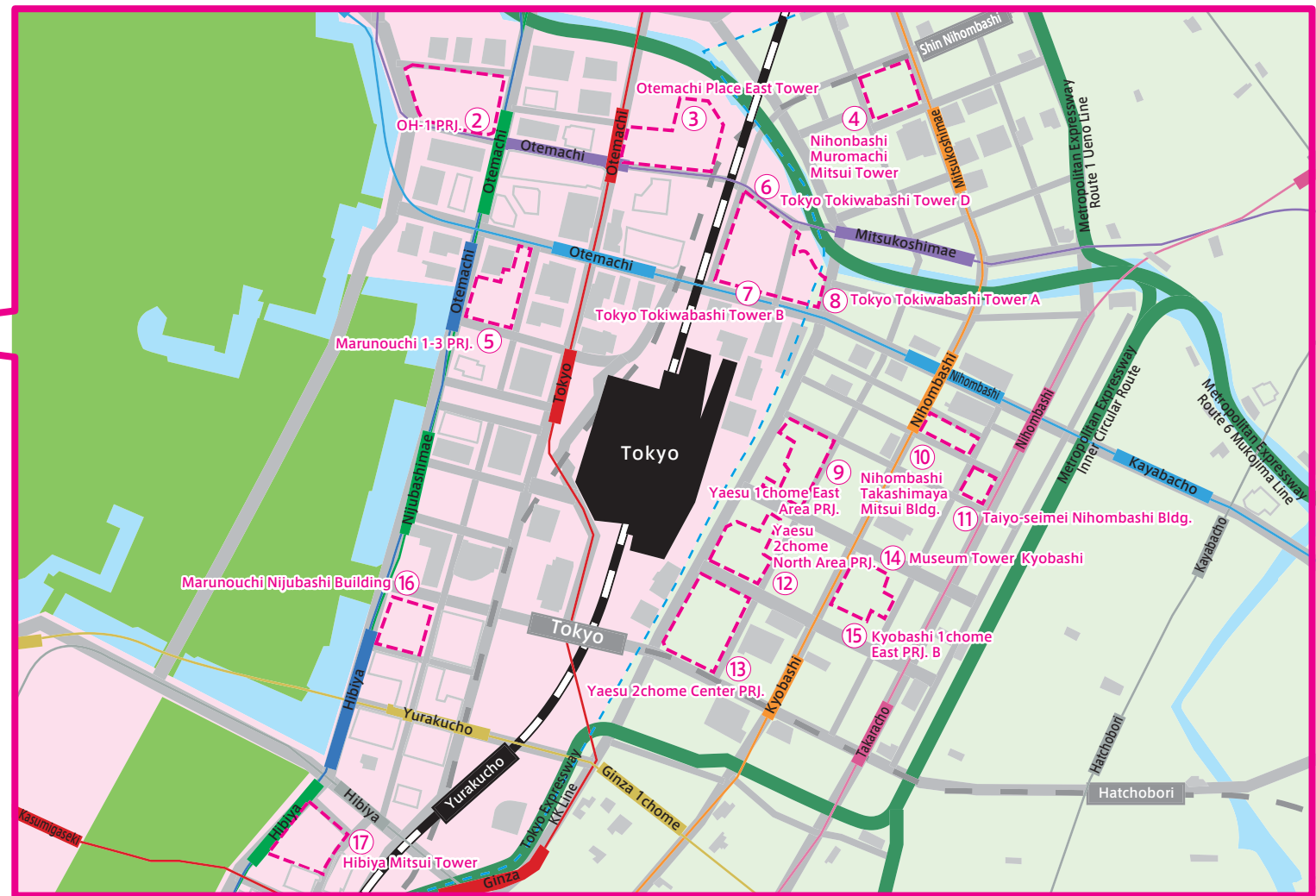
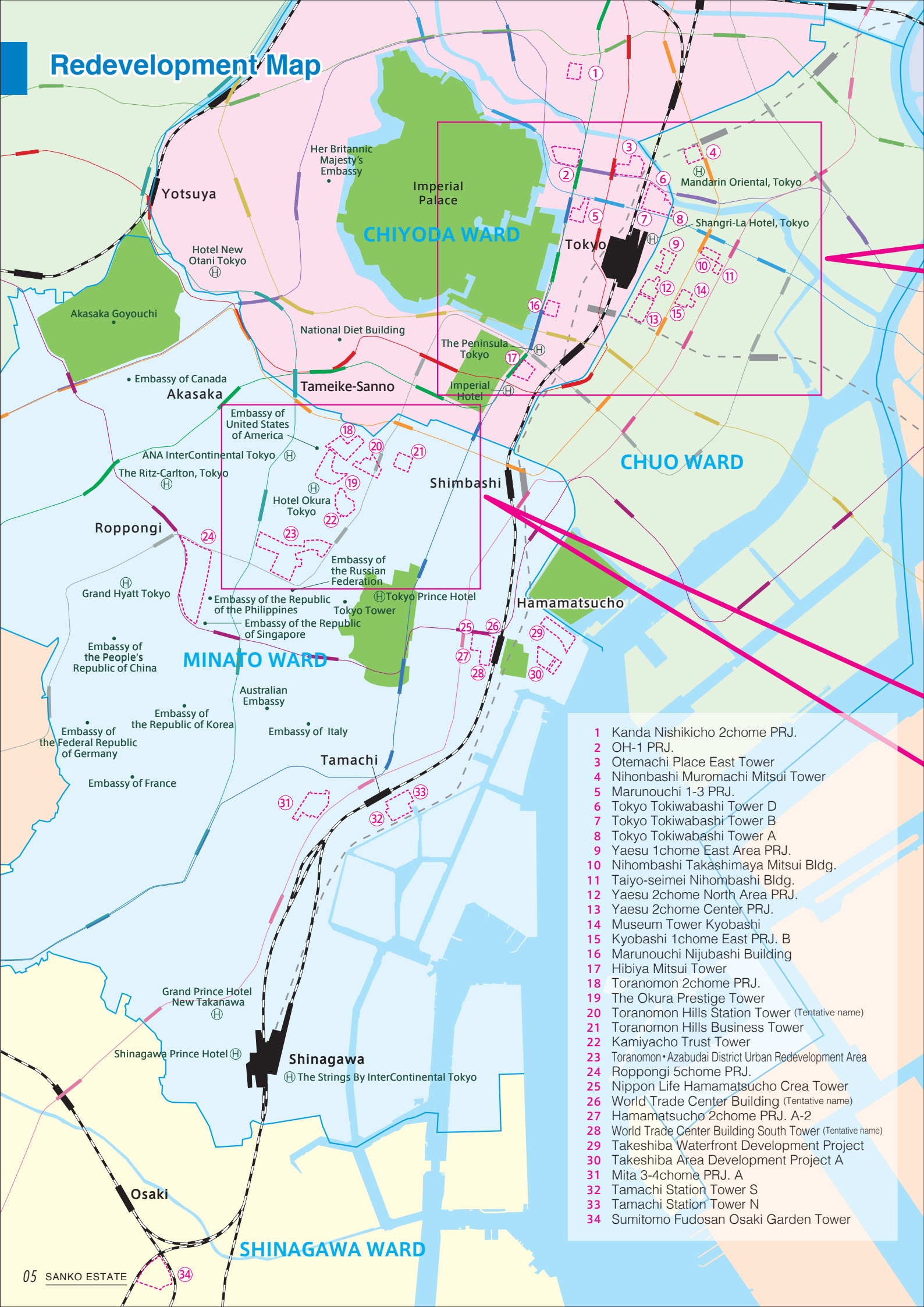
building will have high-capacity generation equipment that can cover up to about 80% of regular power needs. Another distinctive feature of Kamiyacho Trust Tower is that about half of the office floors (the 14 floors from the third to 16th floor) will serve as “creative floors.” Based on the project’s “Creative First” vision for office work, they will be equipped with unique interior specifications combining a high level of flexibility with cost savings, specialized common areas designed to enhance creativity for the entire floor, and optimal and flexible security plans aligned with open innovation needs. Kamiyacho Trust Tower will therefore provide exceptional support for the creation of innovative office spaces.



(Left) Rendering of office lobby  
(Right) Rendering of retail space on lower floors



# Redevelopment Map

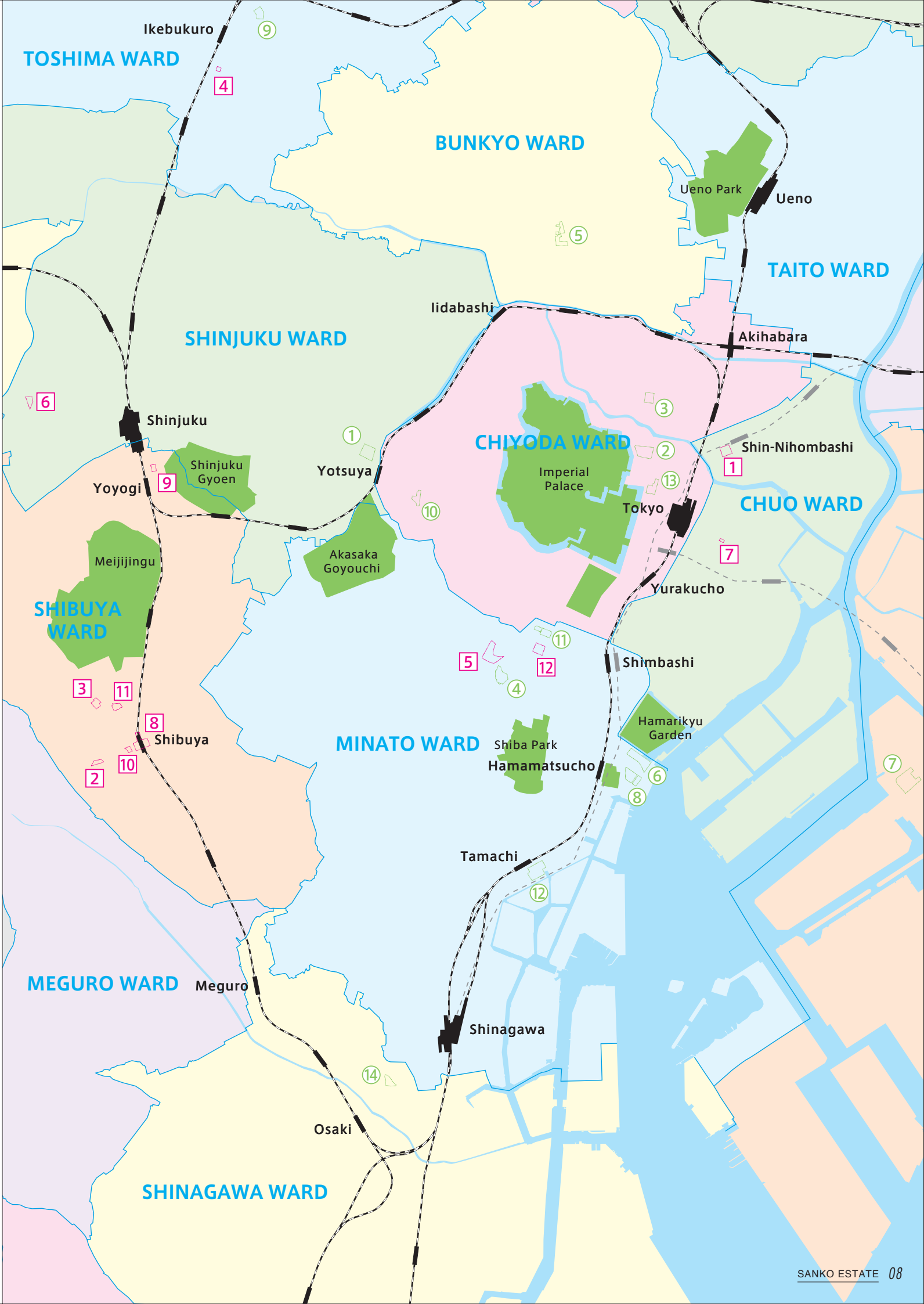


Completion Timeline  
(Large-scale Buildings in Major Areas)

2019-2022 Current as of February 1, 2019

1 tsubo ≒ 3.3 sq. m ≒ 35.58 sq. feet  
- Abbreviations are used in some parts.  
- Scale refers to the number of floors above ground, and one floor refers to the standard floor area in tsubo.  
- Building names, completion times, structure, etc. may change depending on the progress of future work.

2019			Scale／1Floor	2020			Scale／1Floor
1	Mar	Nihonbashi Muromachi Mitsui Tower	26／1,309	1	Jan	Yotsuya Ekimae Urban Redevelopment Project	31／778
		Chuo Ward / Nihombashi Muromachi3				Shinjuku Ward / Yotsuya 1	
2	Mar	Shibuya Solasta	21／546	2	Feb	OH-1 PRJ.B	39／1,128
		Shibuya Ward / Dogenzaka1				Chiyoda Ward / Otemachi1	
3	Mar	Sumitomo Fudosan Shibuya Tower	21／450	3	Feb	Kanda Nishikicho 2chome PRJ.	21／885
		Shibuya Ward / Udagawacho41				Chiyoda Ward / Kanda Nishikicho2	
4	Apr	Daiya Gate Ikebukuro	20／650	4	Mar	Kamiyacho Trust Tower	⇒P4
		Toshima Ward / Minami-Ikebukuro1				Minato Ward / Toranomon4	
5	Jun	The Okura Prestige Tower	41／702	5	Mar	Bunkyo Garden Gatetower	23／777
		Minato Ward / Toranomon2				Bunkyo Ward / Koishikawa1	
6	Jun	Sumitomo Fudosan Nishi-Shinjuku 6chome PRJ.	34／442	6	Mar	Takeshiba Waterfront Development Project	26／450
		Shinjuku Ward / Nishi-Shinjuku6				Minato Ward / Kaigan1	
7	Jun	Museum Tower Kyobashi	23／397	7	Apr	Toyosu Bayside Cross A (Tentative name)	36／1,022
		Chuo Ward / Kyobashi1				Koto Ward / Toyosu2	
8	Aug	Shibuya Scramble Square	47／870		May	Haneda Airport Zone 1 PRJ.	7／2,000
		Shibuya Ward / Shibuya2				Ota Ward / Hanedakuko1	
9	Aug	Shinjuku Minamiguchi Project	16／563	8	May	Takeshiba Area Development Project A	40／907
		Shibuya Ward / Sendagaya5				Minato Ward / Kaigan1	
10	Sep	Shibuya Fukuras	18／638	9	May	Hareza Tower	33／504
		Shibuya Ward / Dogenzaka1				Toshima Ward / Higashi Ikebukuro1	
11	Oct	Udagawacho Area15 Development PRJ.	18／570	10	Jun	Sumitomo Fudosan Kojimachi Garden Tower	22／529
		Shibuya Ward / Udagawacho14,15				Chiyoda Ward / Kojimachi5	
12	Dec	Toranomon Hills Business Tower	⇒P3	11	Jun	Toranomon Station Front Office Building Project	24／408
		Minato Ward / Toranomon1				Minato Ward / Toranomon1	
				12	Jul	Tamachi Station Tower N	36／866
						Minato Ward / Shibaura3	
				13	Sep	Marunouchi 1-3 PRJ.	29／800
						Chiyoda Ward / Marunouchi1	
				14	Oct	Kita Shinagawa 5chome PRJ. I	19／550
						Shinagawa Ward / Kita-Shinagawa5	
					Feb	Yokohama Grangate	19／1,429
						Yokohama / Nishi Ward	
					Mar	JR Yokohama Tower	26／311
						Yokohama / Nishi Ward	
2021			Scale／1Floor	2022			Scale／1Floor
	Mar	World Trade Center Building South Tower (Tentative name)	39／514		Apr	Tokyo Tokiwabashi Tower D	9／600
		Minato Ward / Hamamatsucho2				Chiyoda Ward / Otemachi2	
	Mar	Toyosu 6chome 4-2 Office PRJ.	11／2,000		Apr	Shibuya Dogenzaka 2chome Development PRJ.	28／350
		Koto Ward / Toyosu6				Shibuya Ward / Dogenzaka2	
	Mar	Shimbashi Tamuracho Project	27／820		Jul	Kudankaikan PRJ.	17／1,000
		Minato Ward / Nishi-Shimbashi1				Chiyoda Ward / Kudanminami1	
	Mar	Kabutocho PRJ.	15／570		Aug	Yaesu 2chome North Area PRJ.	45／1,200
		Chuo Ward / Nihombashi Kabutocho7				Chuo Ward / Yaesu2	
	Apr	Tokyo Tokiwabashi Tower A	40／780		Aug	Yanmar Tokyo Bldg. (Tentative name)	14／300
		Chiyoda Ward / Otemachi2				Chuo Ward / Yaesu2	
	Mar	Kawasaki Station West Exit PRJ.	29／800		Sep	Nishi Shinjuku 5chome PRJ. North-A	35／600
		Kawasaki / Saiwai Ward				Shinjuku Ward / Nishi-Shinjuku5	
	Jul	Yokohama Gate Tower Project	21／800		Dec	Nakano 2chome PRJ.	20／700
		Yokohama / Nishi Ward				Nakano Ward / Nakano2	
	Oct	Omiya Station East Exit PRJ.	18／411				
		Saitama / Omiya Ward					
	Dec	Ebina Station Office Project	14／562				
		Ebina					





## New Supply Tokyo

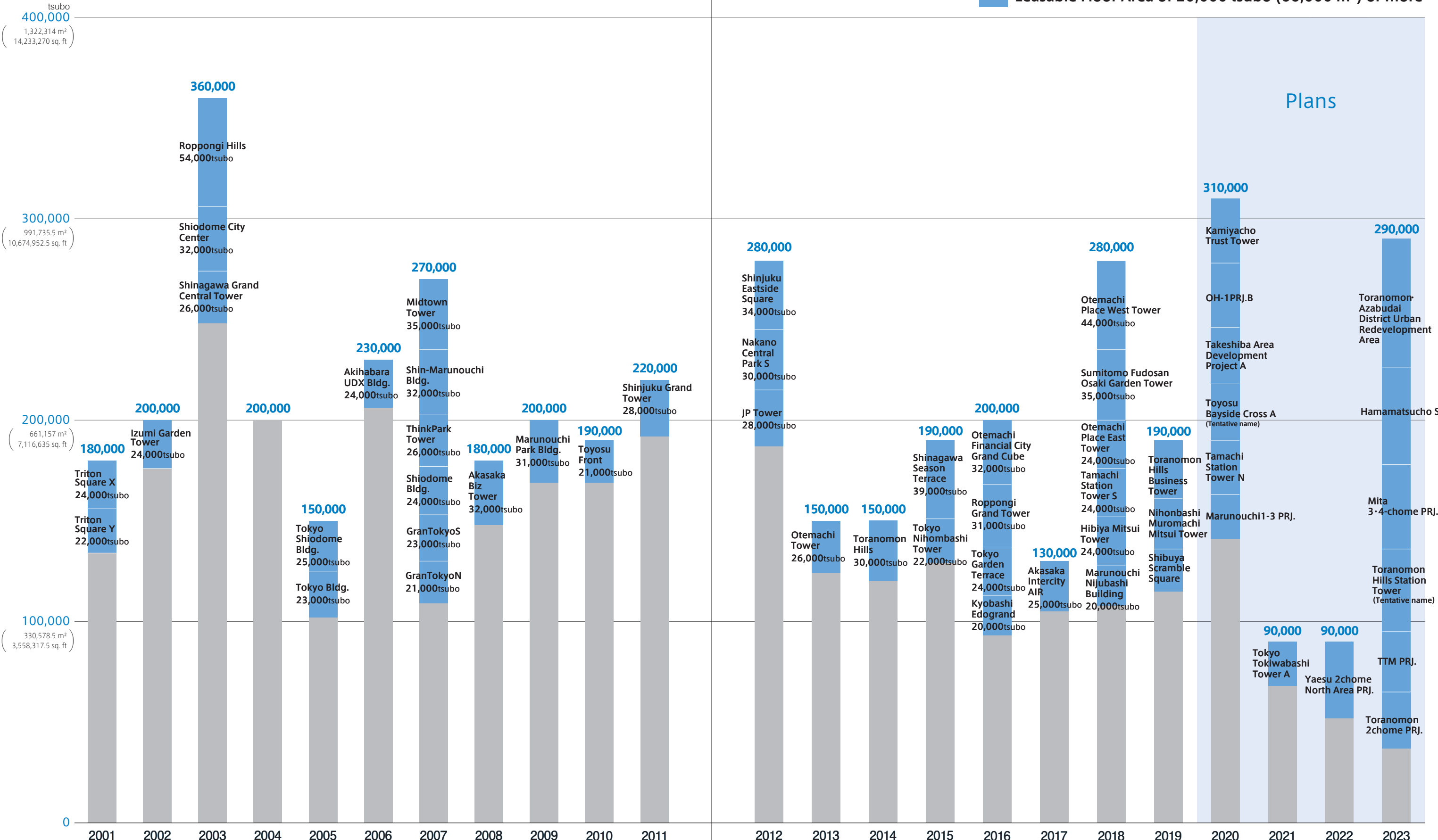
## Change in Amount of New Supply

Buildings of 100 tsubo (330 m<sup>2</sup>) or more per Floor

**1 tsubo  $\doteq$  3.3 sq. m  $\doteq$  35.58 sq. feet**

**Abbreviations are used in some parts**

### Leasable Floor Area of 20,000 tsubo (66,000 m<sup>2</sup>) or more

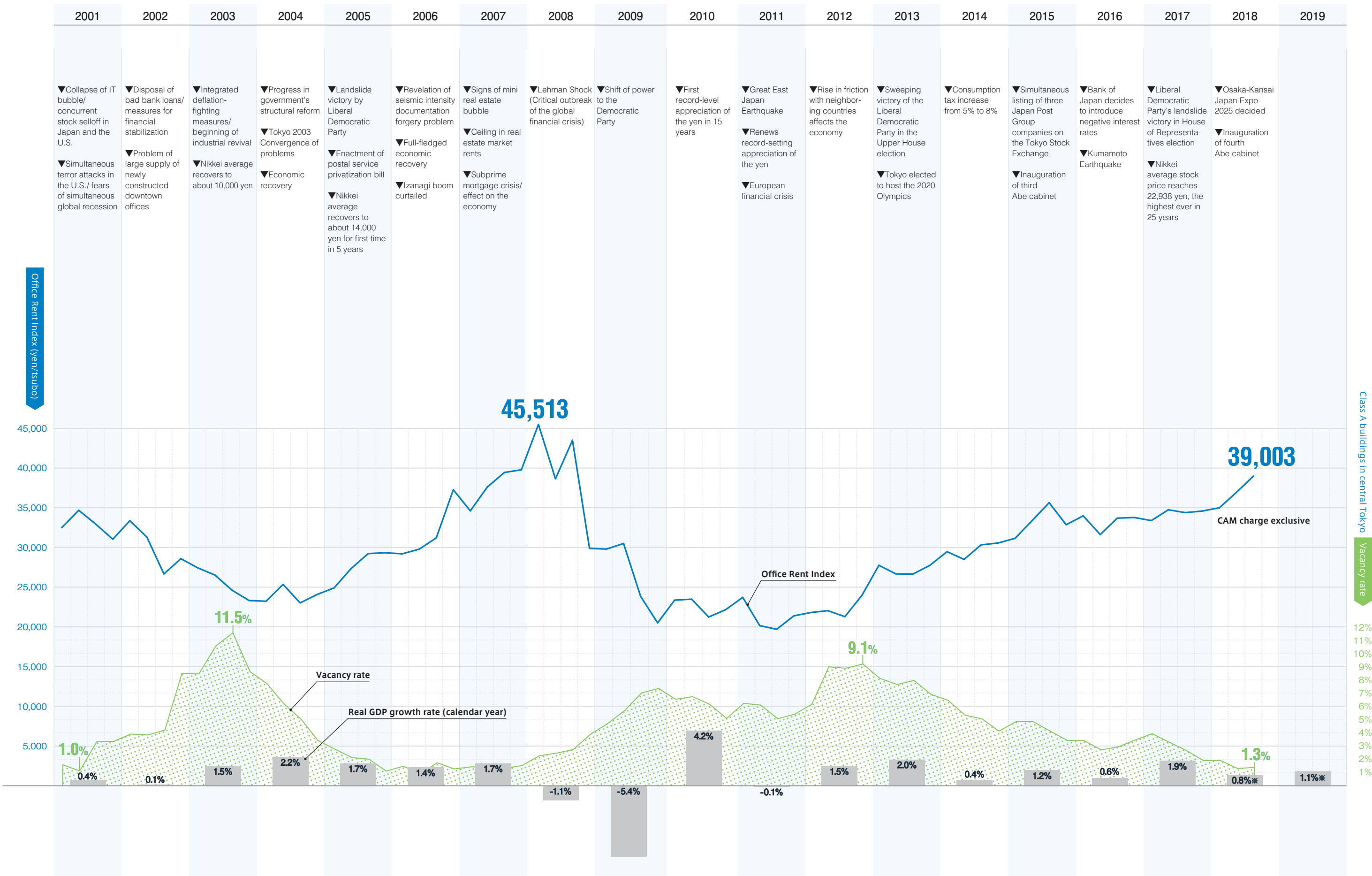


Transition in Office Rents and Economic Trends

2001-2019 Current as of December 10, 2018

Class A buildings in central Tokyo

Office Rent Index Vacancy rate Real GDP growth rate (calendar year) source: Cabinet Office, SNA (System of National Accounts) Projected values source: NLI Research Institute (values for 2018 and 2019 are projections)

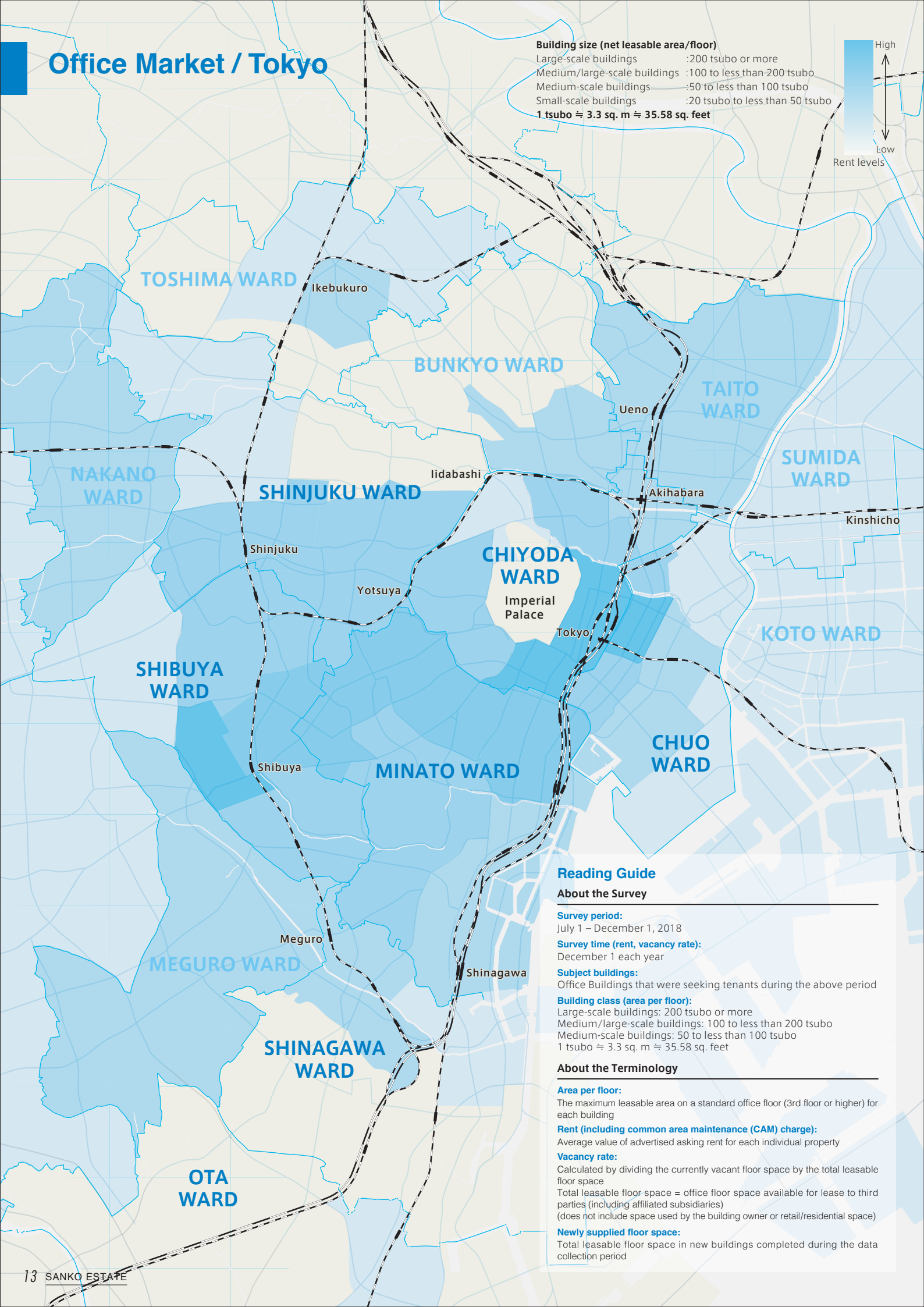


1 tsubo ≒ 3.3 sq. m ≒ 35.58 sq. feet

※About Class A Buildings ...Class A buildings are selected from among those satisfying the following guidelines. The selection is conducted periodically with an emphasis on each building's location and characteristics and not automatically based on floor area. (Building names are not disclosed.)

Office Market / Tokyo

**Building size (net leasable area/floor)**  
Large-scale buildings :200 tsubo or more  
Medium/large-scale buildings :100 to less than 200 tsubo  
Medium-scale buildings :50 to less than 100 tsubo  
Small-scale buildings :20 tsubo to less than 50 tsubo  
1 tsubo ≈ 3.3 sq. m ≈ 35.58 sq. feet

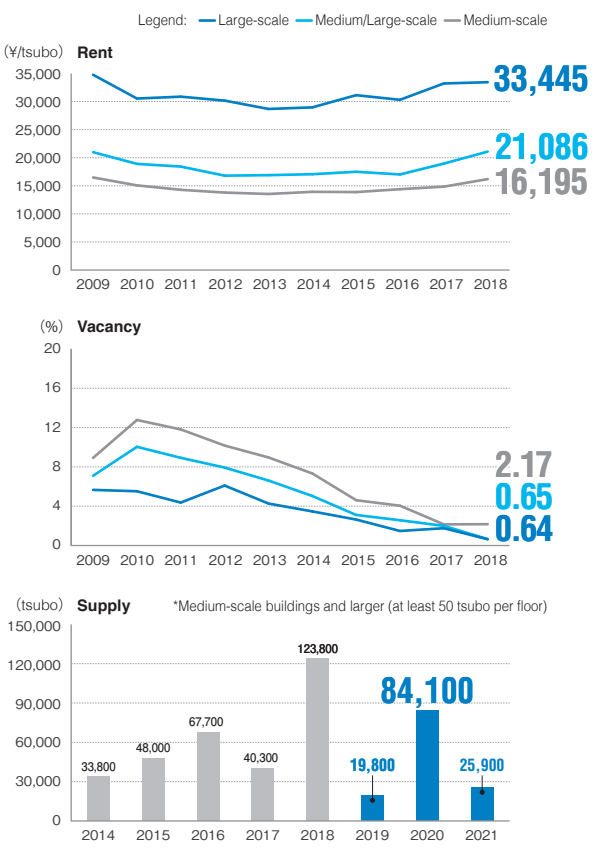
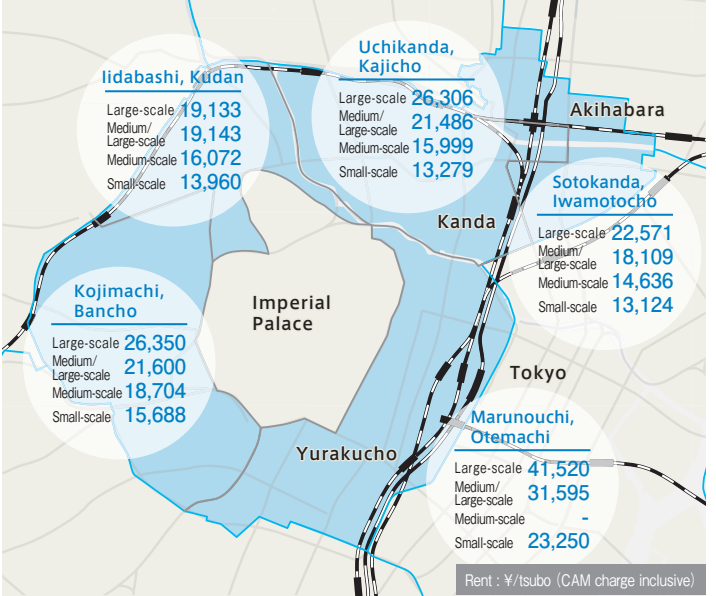


**Reading Guide**  
**About the Survey**  
**Survey period:**  
July 1 – December 1, 2018  
**Survey time (rent, vacancy rate):**  
December 1 each year  
**Subject buildings:**  
Office Buildings that were seeking tenants during the above period  
**Building class (area per floor):**  
Large-scale buildings: 200 tsubo or more  
Medium/large-scale buildings: 100 to less than 200 tsubo  
Medium-scale buildings: 50 to less than 100 tsubo  
1 tsubo ≈ 3.3 sq. m ≈ 35.58 sq. feet  
**About the Terminology**  
**Area per floor:**  
The maximum leasable area on a standard office floor (3rd floor or higher) for each building  
**Rent (including common area maintenance (CAM) charge):**  
Average value of advertised asking rent for each individual property  
**Vacancy rate:**  
Calculated by dividing the currently vacant floor space by the total leasable floor space  
Total leasable floor space = office floor space available for lease to third parties (including affiliated subsidiaries)  
(does not include space used by the building owner or retail/residential space)  
**Newly supplied floor space:**  
Total leasable floor space in new buildings completed during the data collection period

Please refer to <https://www.sanko-e.co.jp/en/data> for latest information (monthly update).

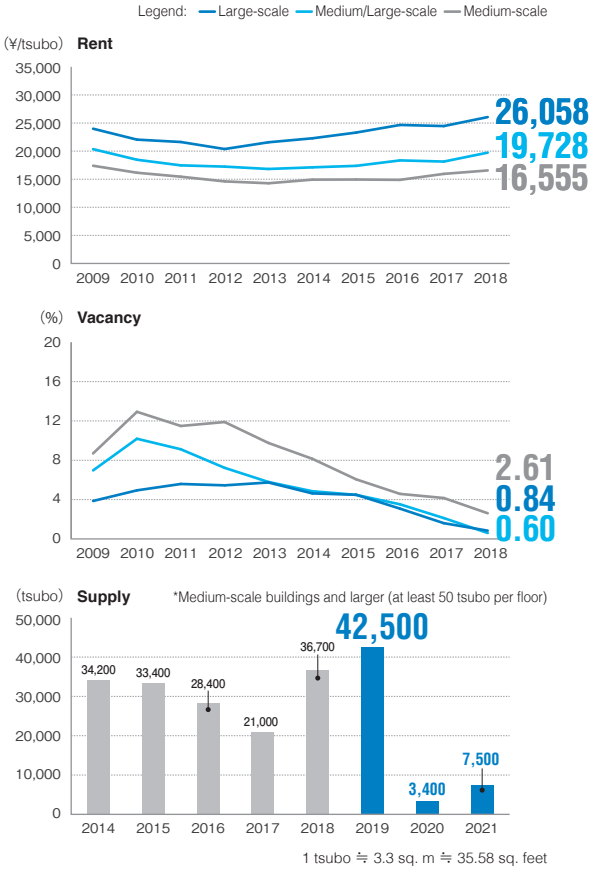
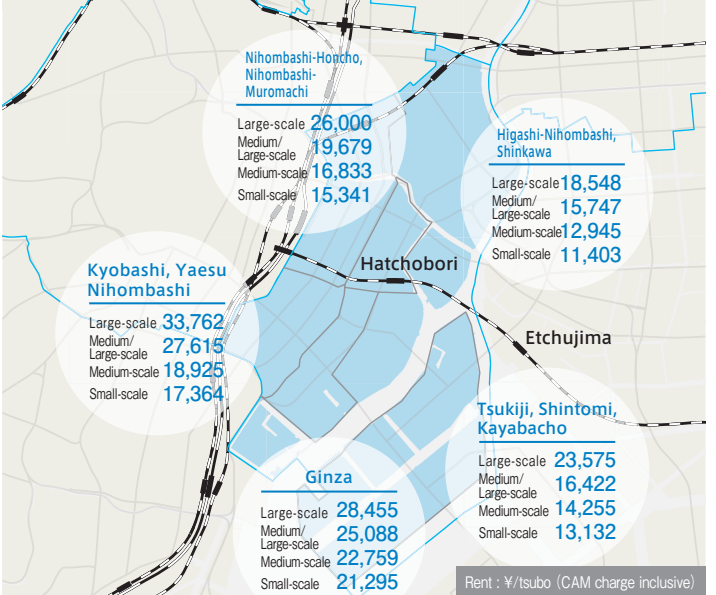
Chiyoda Ward

The vacancy rate continued to trend downward for all building sizes, dropping below 1% for large-scale and medium/large-scale buildings. Given the tight supply-demand balance, rents also continued to rise for all building sizes.



Chuo Ward

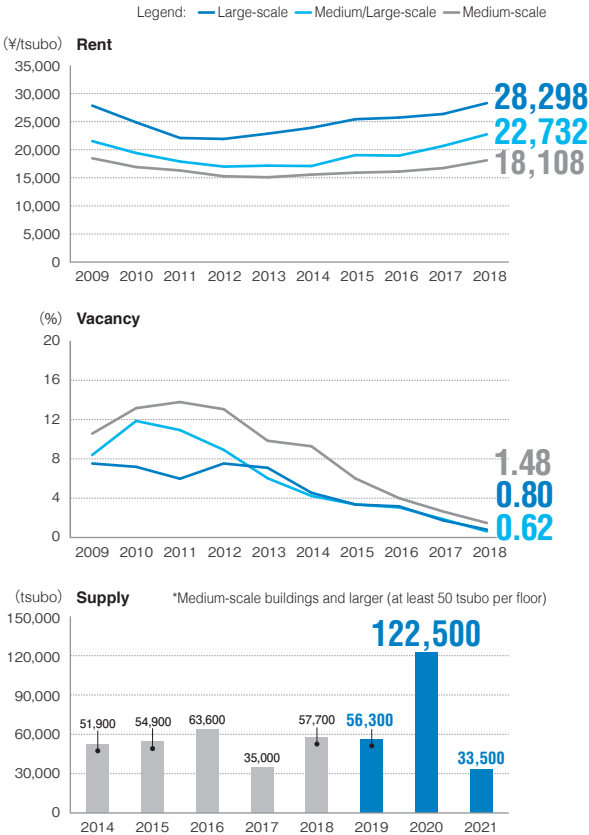
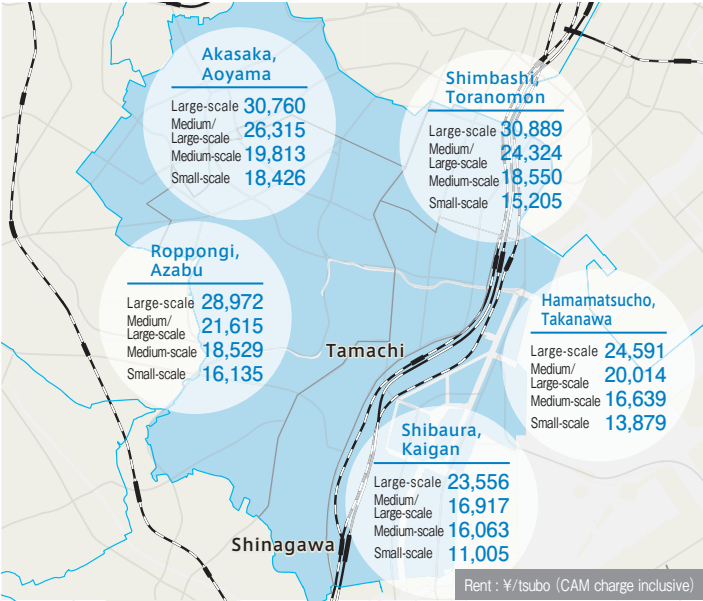
The vacancy rate continued to decrease for all building sizes, reaching its lowest level since 2009. The rate dropped below 1% for large-scale and medium/large-scale buildings, leading to a strong sense of scarcity. Rents also continued to recover for all building sizes; for large-scale buildings, the rent level has increased by 28% since 2012.





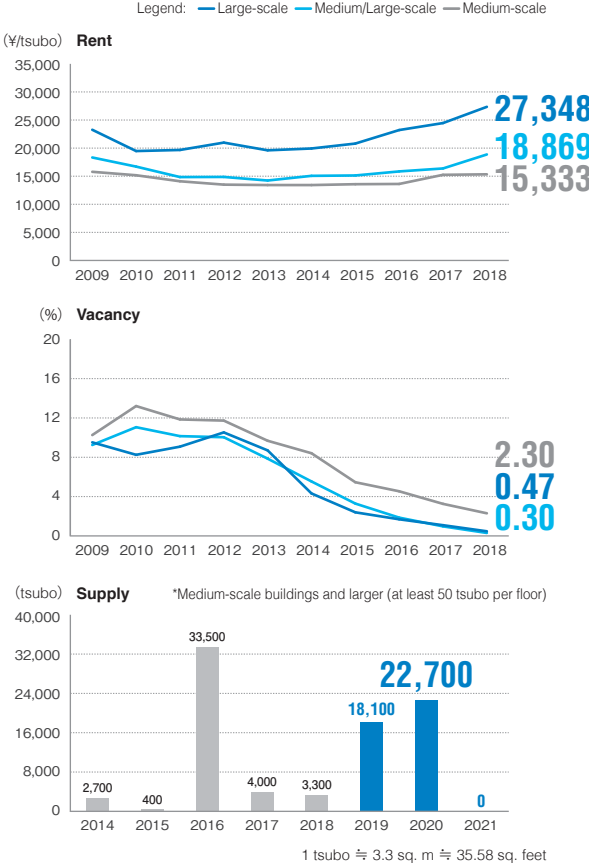
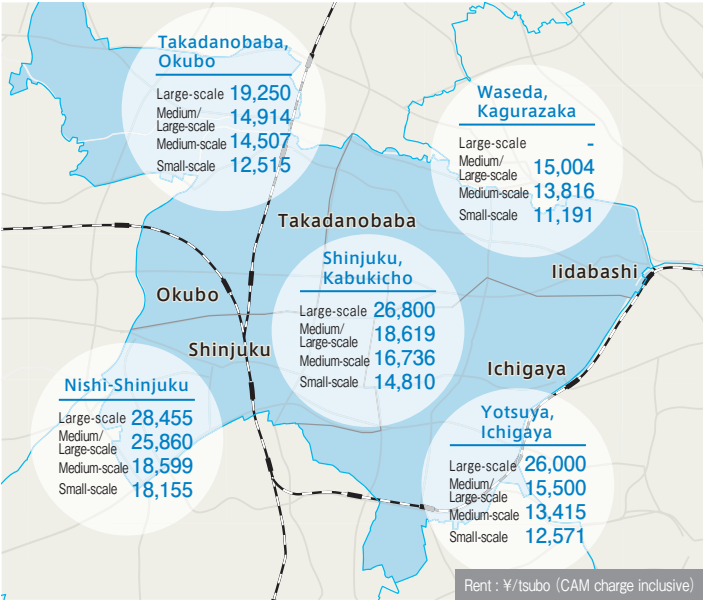
Minato Ward

The vacancy rate continued to decrease for all building sizes, once again reaching its lowest level since 2009. Rents also continued to increase; for large-scale buildings, the rent level has increased by 29% since 2012. New supply is concentrated in the Hamamatsucho/Tamachi Station area and the Toranomon area.



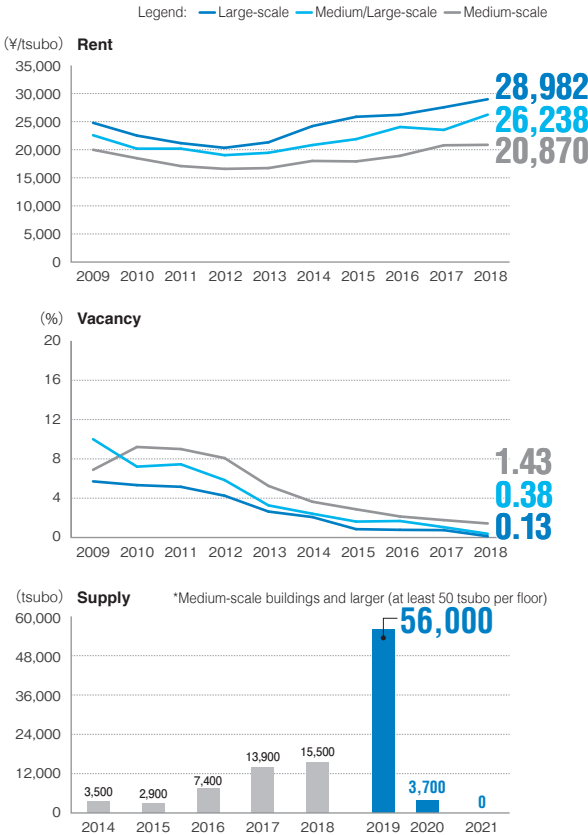
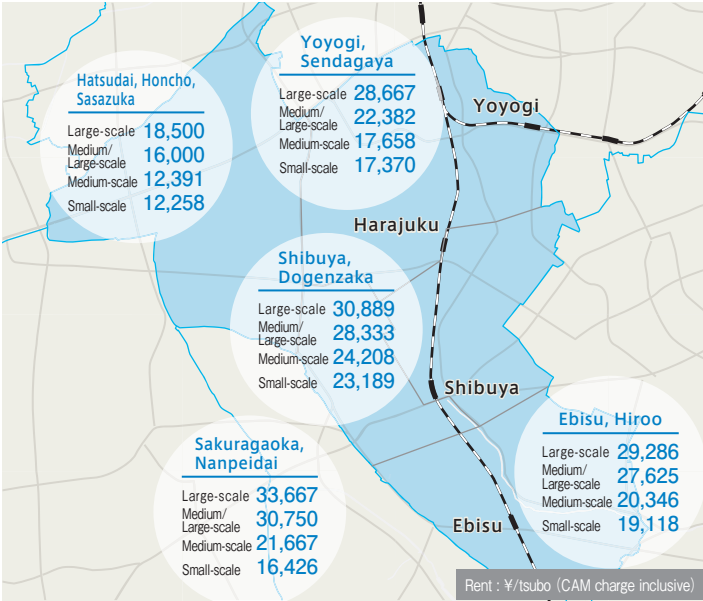
Shinjuku Ward

The vacancy rate decreased further for all building sizes. It dropped below 0.5% for large-scale and medium/large-scale buildings. As in the previous year, the rent level for medium/large-scale buildings was the lowest in the five central wards, while for large-scale buildings, it was the second lowest after Shibuya Ward.



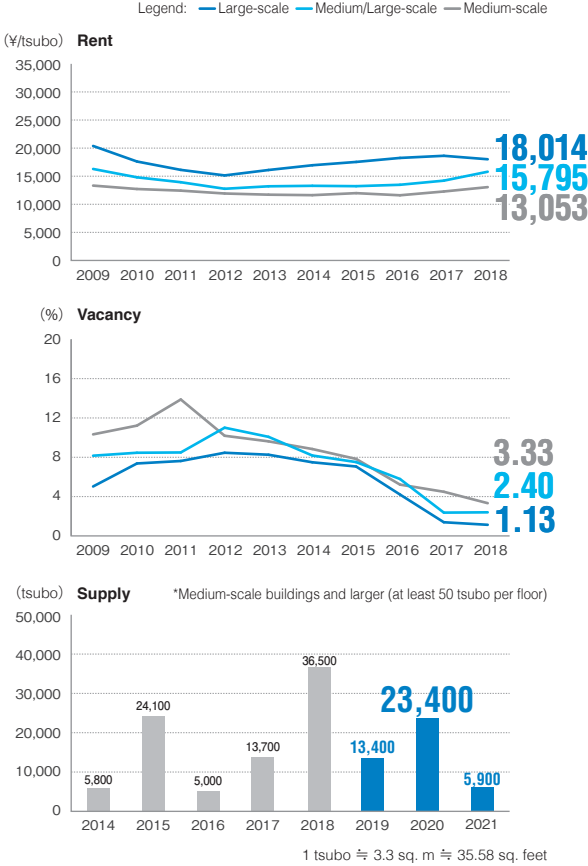
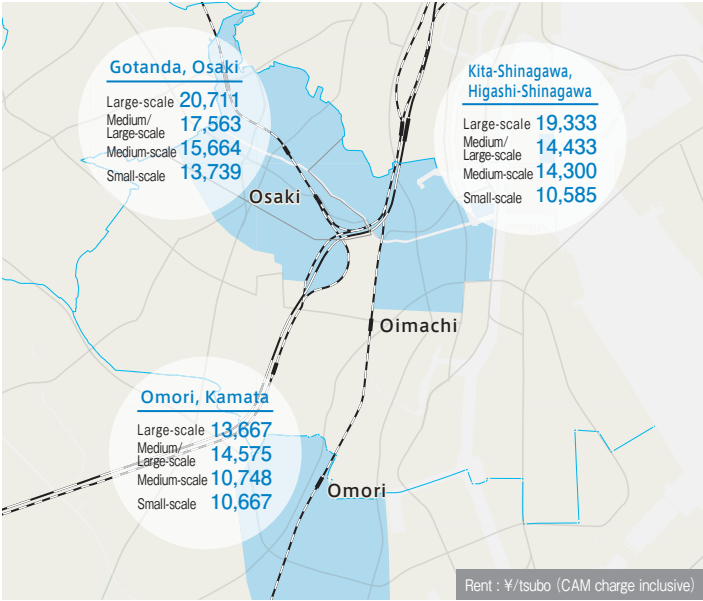
Shibuya Ward

The supply-demand balance continued to be the tightest among the central five wards. With a vacancy rate of just 0.13%, there are currently almost no vacancies in large-scale buildings. Rents also continued to trend upward for all building sizes after bottoming out in 2012.



Shinagawa Ward / Ota Ward

The vacancy rate has continued to decrease for all building sizes since 2013, but in the past year, the decrease has been slowing down for large-scale and medium/large-scale buildings. Rents have continued to trend upward since bottoming out in 2012, but the increase is tailing off for large-scale buildings.





Guidelines for Opening an Office

Formation of relocation plan  
(Clarification of basic outline)

- 1. Confirming requests and understanding the current situation
  - Interview to learn relocation objectives, etc.
  - Confirmation of current contract content
- 2. Explaining the office market condition
  - Briefing on market conditions in desired area
- 3. Confirming the basic outline
  - Confirmation of basic conditions such as lease terms, location, required space and facilities
  - Drafting of relocation schedule (moving-in, timing of restoration work), etc.

Building tours  
(Selection of candidate properties)

- 1. Introducing properties
  - Providing detailed information on each building
- 2. Touring candidate buildings
  - Providing a comparison chart of candidate buildings
- 3. Narrowing down the candidates
  - Providing simulations of various factors (cost, layout, etc.)
  - Confirming the status of candidate properties and conducting preliminary negotiations

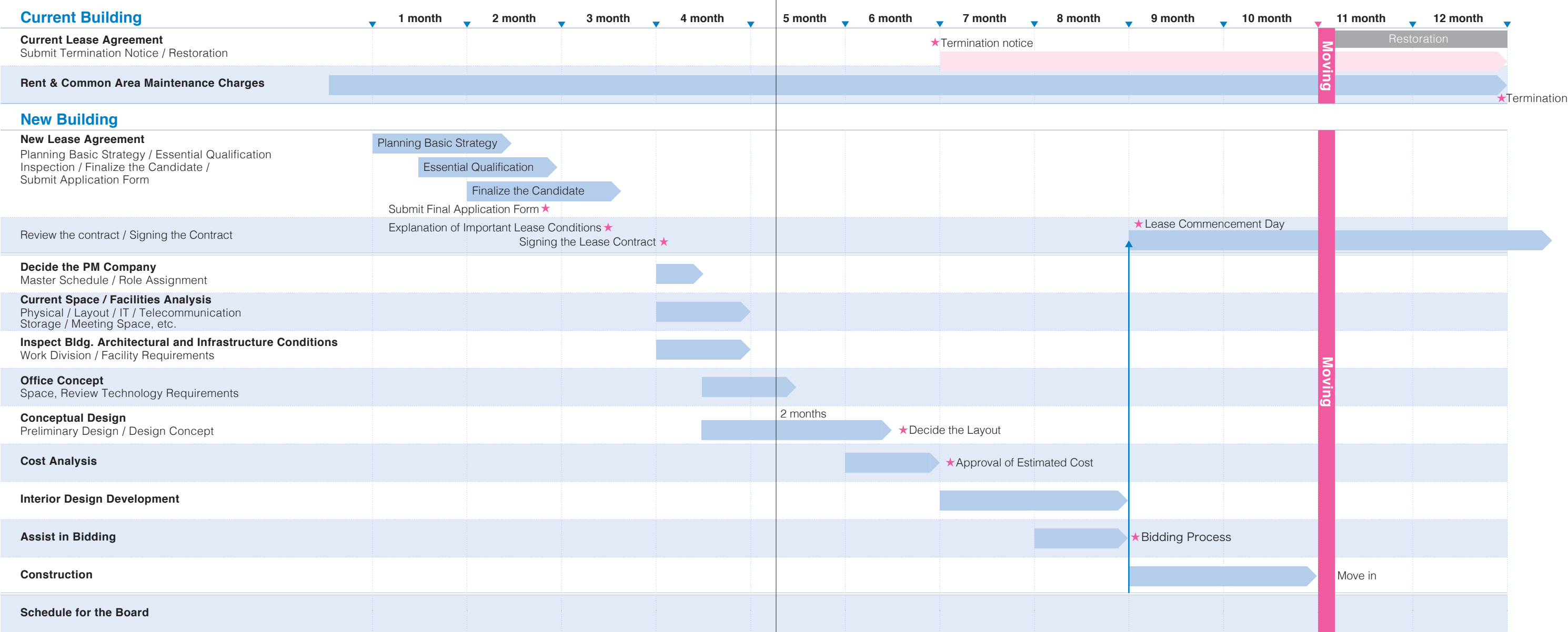
Contract signing  
(Conclusion of lease agreement)

- 1. Helping in fulfilling the application requirements
  - Negotiating terms such as financial requirements
- 2. Checking lease agreement content
  - Explaining and advising on articles in the contract
  - Negotiating the terms and conditions in the contract
- 3. Final confirmation before signing the lease agreement
  - Final confirmation of the contract content using the Important Lease Conditions Booklet regarding the Property and Transaction.
  - Explaining detailed rules and regulations, etc.

After contract signing  
(Follow-up service)

- 1. Recommending related business operators
  - Recommending interior furnishing companies
  - Recommending moving companies, etc.
- 2. Consultation after move-in
  - Checking customer satisfaction level after moving in
  - Responding to inquiries upon contract renewal
- 3. Providing updated information
  - Providing the latest office market trends information

Estimated Schedule (Example of 500 tsubo (1,650 m²) or more)





Guidelines for Opening an Office

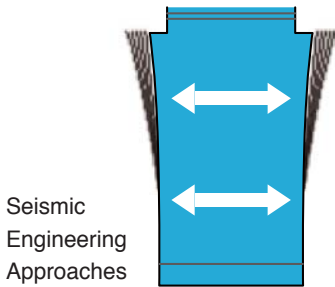
# Important Terms

The following are some of the terms unique to the Japanese office rental market that you may find useful to know.

## Seismic Performance (Taishin Seino 耐震性能)

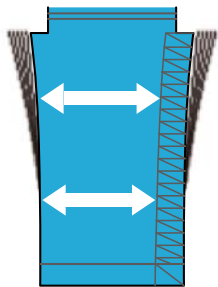
### Earthquake-resistant structure (Taishin Kozo 耐震構造)

Structure designed and built to withstand earthquakes, wind and other forces.



### Vibration-controlling structure (Seishin Kozo 制振構造)

Structure equipped with devices such as dampers to control and curb vibration energy.



### Seismically-isolated structure (Menshin Kozo 免震構造)

Structure mitigates the effect of earthquakes with devices that reduce swaying, commonly rubber bearings and dampers placed between the building and its foundation that move flexibly horizontally.



## Emergency Power Supply (非常時における電源供給)

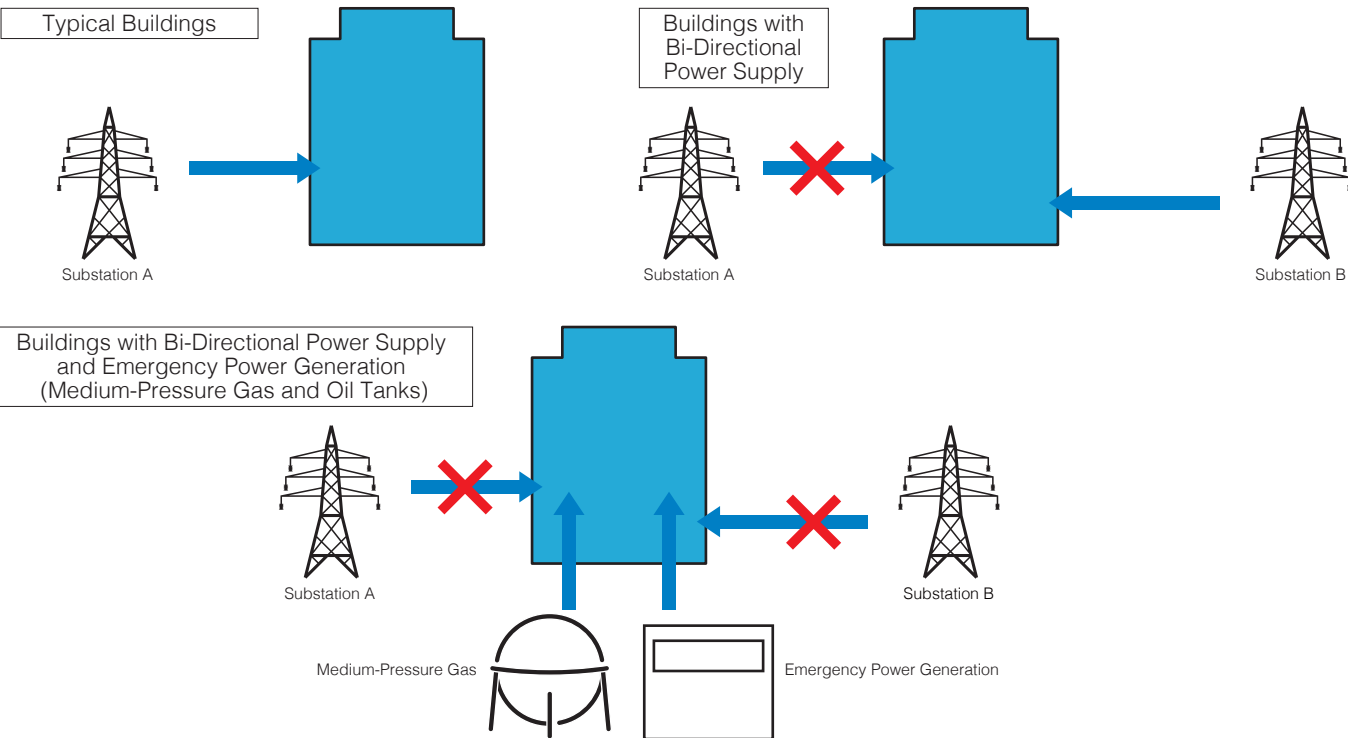
### Office buildings equipped with emergency power generation systems

Typical office buildings have uni-directional power supply systems that receive power from a single transformer substation, so if the supply from a substation is cut off during an incident or disaster, it takes time to restore power to the building.

In contrast, office buildings with bi-directional power supply systems receiving power from another transformer substation on a separate network can continue to provide power to the building's exclusive areas even if the supply from one substation is cut off.

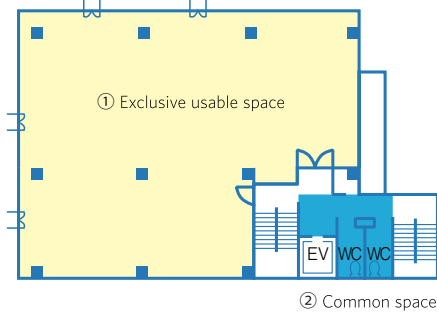
Recently an increasing number of high-spec buildings are making this bi-directional power supply system even more safe and BCP\*-ready by adding emergency power generation systems powered by medium-pressure gas and oil tanks installed in the buildings.

※BCP (Business Continuity Planning)



## Contracted Space (Keiyaku Menseki 契約面積)

This term may apply to exclusive usable space, or to both exclusive usable space and a part of the common space (① yellow part only, or ① + ② blue part).



### ① Exclusive usable space (Senyu Menseki 専有面積)

This term refers to the space used exclusively by the tenant; it is measured from wall center to wall center.

### ② Common space (Kyoyo Menseki 共用面積)

This term refers to space used in common by two or more tenants. It might include elevator halls, corridors, restrooms, kitchenettes, and the like.

### Unit of Space (Menseki Tan'i 面積単位)

The official unit used to measure floor space is the square meter, but many property owners still use the older term "tsubo" in their floor plans and advertisements. (1 tsubo ≒ 3.3 sq. m ≒ 35.58 sq. feet)

## Deposit Money (Hoshokin or Shikikin 保証金/敷金)

The terms "hoshokin" and "shikikin" are both used to mean "deposit money." Though they have slightly different meanings, they essentially refer to a sum which is paid to the owner as a non-interest deposit when moving into a property. Legally this money could be classified as a down payment on the rent, or as "guarantee money" against any liability that the tenant might incur against his duties as a tenant.

### Return Period

The deposit money will be returned to the tenant after the "surrender by the lessee of the leased premises to the lessor." Any unpaid rent or damages recoverable from the lessee will first be deducted from the deposit, and the difference will be refunded.

### Sum

As a normal rule, 10-12 month's rent will be charged as deposit money.

### Depreciation Fee (Shokyaku-hi 償却費)

Owners of small-sized buildings often demand that tenants pay a depreciation fee. This is deducted as a percentage from the deposit (usually 10% to 20%) when the contract ends, and the deposit minus the fee is then returned to the lessee. The term "depreciation" is used here, but there is no direct relationship between the fee and building depreciation.

## Rent (Chinryo 賃料)

### Beginning of Lease Terms

As a general rule, the rental period begins on the day that the tenant moves into the facility. If, however, equipment is brought to the office prior to the actual move, or if any remodeling is required. Rent starts on the day that this work begins.

### Rental Payments Due

The common practice is to pay rent a month in advance, with the payment for the following month coming due at the end of the current month (between the 25th and the last day of the month).

### Method of Payment

In general bank transfers or postal transfers have become the most common way to pay one's rent.

### Increases in Rent

Three basic reasons for rent increases during the contract period or signing a new lease agreement.

- ① Taxes on the land or on the building itself have increased.
- ② There has been a sharp increase in the general cost of living due to inflation, etc.
- ③ The rent is shown to be lower than rents for similar facilities in the same neighborhood.

Such increases can be implemented with the agreement of both parties.

### COST (Monthly Expenses + Deposit Money)

Monthly Expenses:

- RENT
- OTHER EXPENSES
  - Parking lot fees, and fees for the use of building sign boards
  - Electric Charge, Water Charge, Gas Charge, Cleaning Charge, Air-conditioning & heating Charge for the leased premises



## Common Area Maintenance (CAM) Charge (Kyoekihi 共益費)

In most cases, a fee is charged monthly in addition to the actual rent. This fee is calculated on the basis of the running costs of the building, such as Electric Charge, Water Charge, Gas Charge, Cleaning Charge, Air-conditioning & Heating Charge for the common space such as entrance hall, elevator, toilet, etc. Generally the fee is between 3,000 yen and 7,000 yen per tsubo, Recently there have been cases of the common area maintenance (CAM) charges being included in the rent.

## Lease Type and Terms (Keiyaku Keitai・Keiyaku Kikan 契約形態・契約期間)

Lease terms in Japan generally fall into two categories.

One is a regular or standard lease that usually runs for 2-3 years but can be automatically renewed unless either party wishes to terminate the contract. Under this lease, tenants wanting to vacate before the end of the lease period can usually give written notice, typically six months in advance, and then vacate without incurring penalties.

A second type of lease being increasingly adopted by owners of Class A buildings is the fixed term lease. Such leases run for 2-5 years, and at the end of the lease period, tenants cannot renew. Tenants wishing to remain in the property must renegotiate a new contract with the owner. Also, tenants wishing to vacate ahead of the lease expiry date must pay a penalty equivalent to the number of months' rent remaining in the contract.

## Renewal Fee (Koshin-ryo 更新料)

Some landlords demand a renewal fee when lease contracts are renewed, and this fee is usually one month's rent at the rate stipulated in the new lease contract.

## Explanation of Important Lease Conditions (Juyojiko Setsumeisho 重要事項説明書)

Based on Article 35 of the Land and House Lease Law, Sanko Estate will explain lease terms and conditions in writing ("Important Lease Conditions") prior to signing of the Lease agreement.

## Repair Fees (Shuzenhi 修繕費)

The following types of repair fees are the most commonly encountered.

### Obligations of the Property Owner

- ① Repairs on the building itself
- ② Repairs on office ceilings, walls, floors, and other structural members that are a part of the building itself
- ③ Repairs for the common areas of the building
- ④ Repairs for equipment and machinery

### Obligations of the Tenant

- ① Repainting or papering of ceilings, walls, floors, and other space inside the office
- ② Replacing or repairing fixtures, blinds, glass, lighting, switches, or electrical outlets inside the office
- ③ Repair any partitions, fixtures, special-use equipment, or the like that the tenant has installed in the office. Check your contract carefully for any other obligations that may be faced by the tenant

## Construction Involving Building Structure (Kutai Ni Kakawaru Koji 躯体に係る工事)

Construction work like that below may affect the building's structure, the property value or other tenants. Such work requires the building owner's prior approval.

- Some examples:
- Construction altering the building structure (Where pillars, beams and/or ceilings are affected, or where a room partition is extended to the ceiling)
  - Changes in air-conditioning and security systems
  - Installation of heavy machines or structures
  - Change in electric equipment where the whole building's power supply system could be affected

## Prohibitions, etc. (Kinshi-jiko 禁止事項)

In general, the lessee may not:

- ① Reassign the lease of the leased premises or sublet the leased premises in any form
- ② Assign or offer the leased premises as security to third parties including any of the rights under the contract
- ③ Transfer any of the rights under the contract to any person other than the lessee through assignment of business, merger, or other such transactions

In addition, without the lessor's consent, the lessee may not co-occupy the leased premises with another person/party or use any name other than that of the lessee as the name of occupant. It may be permissible for the leased premises be co-occupied with the prior consent of the lessor if the other party is financially related to the lessee.

## Restoring to Original Condition (Genjo Kaifuku 原状回復)

The lessee is under obligation to restore the leased premises to the original condition at the termination of the contract.

- The standard for offices usually entail:
- Replacement of carpet tile flooring
  - Wallpaper renewal
  - Painted walls
  - Sound-absorbent plates on the ceiling and fluorescent lighting

At the termination of the contract, the lessee removes at his own expense the fixtures and equipment installed or added at his expense and the property owned by him prior to delivering the leased premises to the lessor. If the lessee fails to restore the leased premises to its original condition at the termination of the contract, the lessor may restore the leased premises and charge the expenses to the lessee. It must be done by contractors the owner designates or approves of, and the tenant bears all construction costs. The construction work must be completed within the contracted period.

## Notice of Cancellation of Contract (Kaiyaku Yokoku 解約予告)

If the lessee desires to terminate the contract at any time during the term of the lease, it is stipulated that the lessee must present advance notice of cancellation to the lessor in the time designated by the lessor (usually within 6 months prior to the expected day of the lessee's departure, with the need to restore to the original state). If the lessee wants to cancel the contract without prior notice, the lessee is obliged to pay a penalty for cancellation of contract equivalent to the 6 month's rent, as stipulated in the article of advance notice. However, in principle, early cancellation of a fixed-term lease contract is not possible.

## Commission (Chukai Tesu-ryo 仲介手数料)

In Japan, at the time of contracting for new space, it is the tenant and not the landlord who pays the introducer, the agent, a fee equal to one month's rent. This practice gives the tenant important advantages by ensuring that the agent represents the tenant only while diligently maintaining the tenant's position and acting in the tenant's best interests in all negotiations.

## Building Rules and Regulations (Kanri Kisoku 管理規則)

Most buildings have their own "Administrative Regulations" concerning daily administration and management of the building such as opening and closing times (regular hours) of the building, regular air-conditioning and heating hours, use of the building beyond the regular hours, working hours of janitors, and stipulations concerning keys, etc. It is recommended that the regulations be confirmed with the lessor in advance, since each building has its own set of regulations.

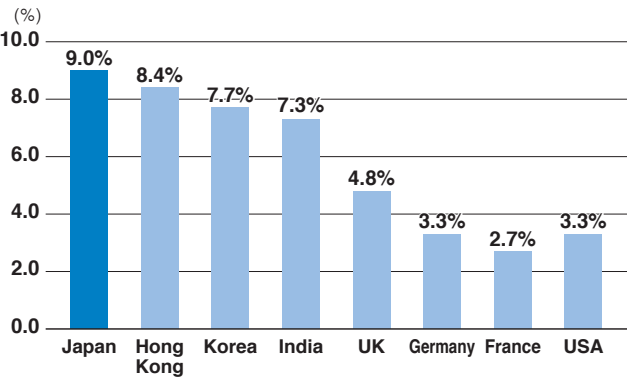


In recent years, the Japanese government has been proactive in promoting efforts to attract foreign firms for the purpose of generating employment and innovation. The stock of inward direct investment targeted by the policy is 35 trillion yen by 2020. The balance at the end of 2017 was 28.6 trillion yen, marking a record high for the fourth consecutive year. The Japanese government plans to continue promoting the adjustment of various policies as well as the business environment to transform Japan into the most business-friendly country. This section will explain the evaluation of the Japanese business environment by foreign firms and the key points for succeeding in Japan.

The Japanese Market Is Seen as Highly Profitable

The “rate of inward direct investment returns” is an index that shows how effective direct investment is in terms of profits with regard to foreign firms advancing into different countries. The rate is calculated by dividing the direct investment return payment amount by the balance of inward direct investment. The average rate of inward direct investment returns in Japan from 2008 to 2017 is 9.0%, a high level compared to major countries and areas. Also, according to the Organisation for Economic Co-operation and Development (OECD), Japan ranks third among 22 countries in inward direct investment returns as of 2014, and first in service industry excluding financial and insurance industries.

International Comparison of Inward Direct Investment Returns (Average from 2008 to 2017)



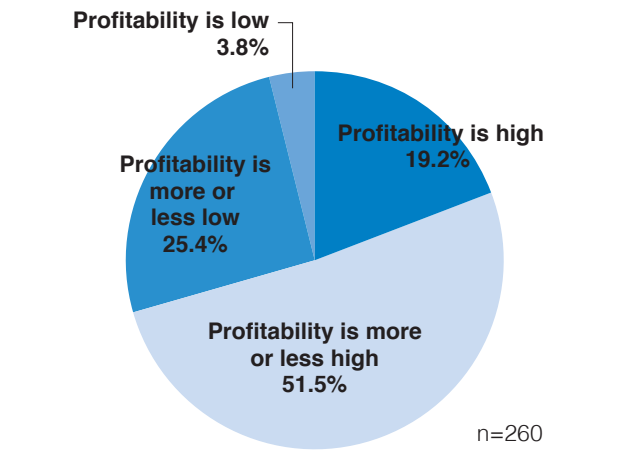
(Note) Rate of inward direct investment returns = Direct investment return payment amount as of the period / Balance of inward direct investment at the beginning/end of the period × 100 (%).  
(Source) “JETRO Invest Japan Report 2018.” Prepared using “IMF Data Warehouse” by IMF (dated June 22, 2018) and “International Investment Position of Japan” by the Ministry of Finance and Bank of Japan.

JETRO’s One-Stop Service for Establishing an office in japan

The following is a government-related organization that provides official consulting services for investing in Japan.  
Japan External Trade Organization (JETRO) (JETRO Invest Japan Business Support Center: IBSC)  
Tel: +81-3-3582-4684  
JETRO’s home page: <https://www.jetro.go.jp/en/invest>

The Japanese market has received positive appraisal from foreign firms in Japan as a market with high profitability. The following is the result from a questionnaire survey on the Japanese investment environment conducted by the Japan External Trade Organization (JETRO) in 2018.

Evaluation of the Japanese Market from a Profitability Perspective



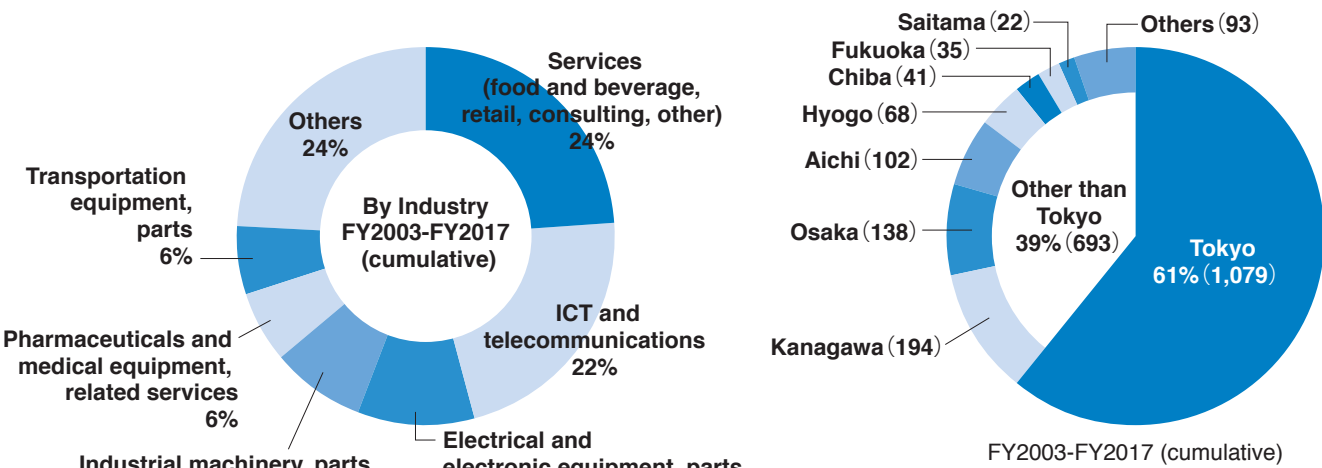
\*The questionnaire targeted approx. 1,700 foreign firms, mainly those which JETRO supported when entering the Japanese market. Of this, 266 companies gave valid responses. The questionnaire was conducted between May and June of 2018.  
Source: “JETRO Invest Japan Report 2018”

JETRO provides consultation to foreign firms concerning investment in Japan. IBSC offices are located in Tokyo and other major cities in Japan (Yokohama, Nagoya, Osaka, Kobe and Fukuoka), providing mainly the following support services.

- ① Consulting for individual companies  
Advisory for individual companies regarding Japanese business practices, information on policies for different industries, etc.
- ② Use of temporary offices free of charge  
Smooth preparation for establishing an office in central business areas across Japan is enabled (period of stay is 50 business days in principle).

③ A broad network  
Provision of opportunities for matching and interaction with potential supporting business partners in Japan and arrangement of interviews with relevant government offices, etc.  
\*Certain conditions apply for the above services.  
\*Besides the above, JETRO gives consultation for investment in Japan through its approx. 70 overseas offices in more than 50 countries and offices in various places in Japan.

Since establishing IBSC in 2003, JETRO has supported approx. 1,800 foreign/foreign-affiliated companies which succeeded in establishing bases or expanding businesses. In recent years those in the ICT and telecommunications field are increasing their presence while the ratio of those in the medical and medical equipment field and tourism field are trending upwards. The concentration on Tokyo is being gradually eased with a relative increase in investment in areas other than Tokyo.



Source: “JETRO Invest Japan Report 2018” by JETRO

Key Points for Succeeding in Japan

There are several key points when it comes to foreign firms succeeding in Japan. One is the selection of an office that matches the conditions for the company. Key to this is obtaining information on many buildings from various angles. Sanko Estate owns information on buildings numbering 100,000 across Japan, and not only on vacancies that are made public. Valuable information that is not made public, obtained through solid relationships of trust with building owners, is included as well. Also provided is information on real estate business practices peculiar to

Japan, cautionary points concerning the law, information on surrounding environments and characteristics of various areas and other valuable information that is important for selecting an office. Additionally, support is provided in a versatile manner such as through medium- to long-term schedule management of office strategies, negotiations with buildings owners and follow-up services after the move-in. Be assured that all services are provided in English.

- Benefits of consulting Sanko Estate
- 1. All services are provided in English from the point of inquiry onwards.
  - 2. Building information that is not released to the market can be provided.
  - 3. Beneficial lease terms are obtained through strong negotiations.
  - 4. Potential troubles of real estate transactions are avoided.
  - 5. The overall move-in schedule is managed.

**Inquiry: International Department, Sanko Estate Co., Ltd.**  
[www.sanko-e.co.jp/en](http://www.sanko-e.co.jp/en) +81-3-3564-8051 [contact@sanko-e.co.jp](mailto:contact@sanko-e.co.jp)



COMPANY OVERVIEW

Company Name	Sanko Estate Co., Ltd.
Established	May 17, 1977
President	Shigeo Takei
Capital	¥100,000,000
Employees	253 (406 for entire group)

Company Services

Office leasing services, Project management services, Workplace consulting

License

Real estate agent:  
License authorized by Minister of Land, Infrastructure, Transport and Tourism (10) No. 3105  
First-class Architect Office Registration:  
Governor of Tokyo No. 61819

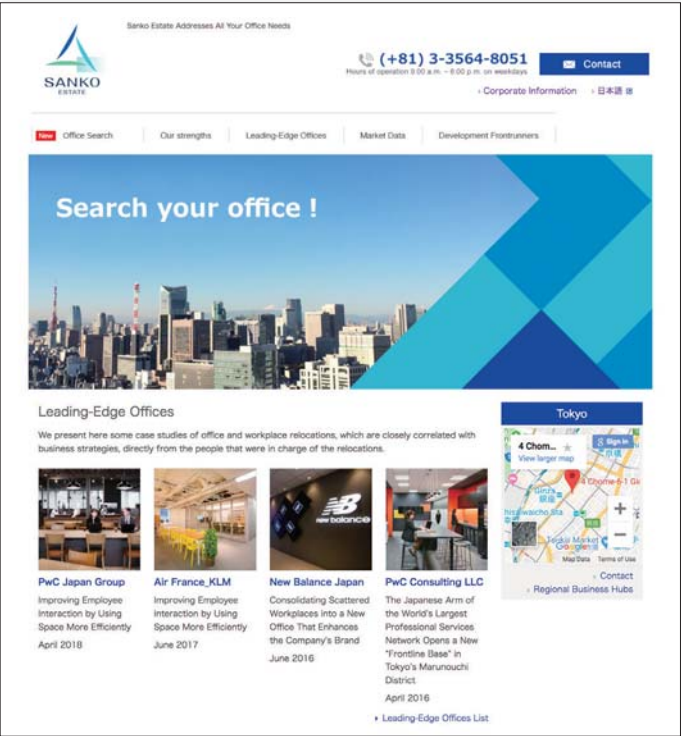
Group Companies

Sanko Office Management Co., Ltd.  
MS Building Support Co., Ltd.  
Commercial Property Research Institute, Inc.

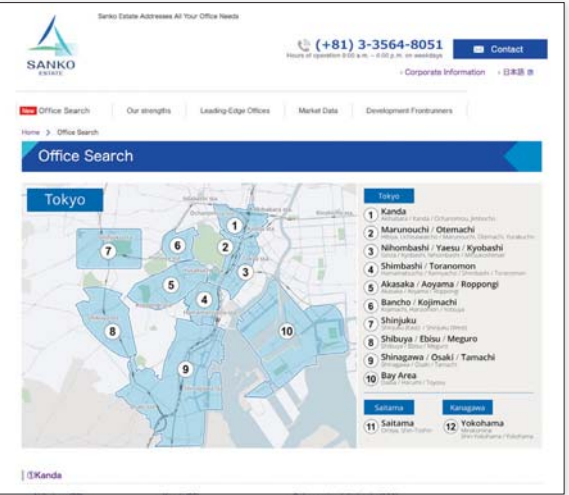
Professional Affiliations

Tokyo Real Estate Brokers Association  
National Real Estate Guarantee Association  
Japan Facility Management Association  
The Tokyo Chamber of Commerce and Industry  
British Chamber of Commerce in Japan  
The American Chamber of Commerce in Japan

WEBSITE



Introduction of Office Building Search System



Sanko Estate Co., Ltd. announces that it added a search function for office buildings to its English website on November 8, 2018. This enables users to search for properties located in the major areas of Tokyo as well as in Saitama and Yokohama.

<https://www.sanko-e.co.jp/en/search/>

COMPANY LOCATION

Head Office:

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Shinjuku Office:

Kowa Bldg., 1-23-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Shibuya Office:

Towa Miyamasuzaka Bldg., 1-14-9 Shibuya, Shibuya-ku, Tokyo

Toranomon Office:

Unpin Toranomon Bldg., 1-1-23 Toranomon, Minato-ku, Tokyo

Kanda Office:

Shibashin-Kanda Bldg., 1-26 Kanda Sudacho, Chiyoda-ku, Tokyo

Sapporo Office:

Sapporo Kita-Sanjo Bldg., 3-1 Nishi, Kita 3-jo, Chuo-ku, Sapporo-shi, Hokkaido  
<Area> Hokkaido

Sendai Office:

Aoba-Dori Plaza, 3-2-1 Chuo, Aoba-ku, Sendai-shi, Miyagi  
<Area> Miyagi, Aomori, Akita, Iwate  
Fukushima, Yamagata

Nagoya Office:

Sakura-Dori Otsu Daiichi Seimei Bldg., 3-4-6 Nishiki, Naka-ku, Nagoya-shi, Aichi  
<Area> Aichi, Mie, Gifu, Shizuoka, Nagano, Fukui, Ishikawa, Toyama

Osaka Office:

Midosuji Mitsui Bldg., 4-1-3 Bingomachi Chuo-ku, Osaka-shi, Osaka  
<Area> Osaka, Kyoto, Hyogo, Shiga, Nara, Wakayama, Okayama, Hiroshima, Shimane, Tottori, Kagawa, Tokushima, Kochi, Ehime

Fukuoka Office:

Hakata Taihaku Dori Bldg., 1-5-1 Hakata-ekimae, Hakata-ku, Fukuoka-shi, Fukuoka  
<Area> Kyushu, Okinawa, Yamaguchi

If you have any inquiries, please contact International Department. (Head Office)  
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FAX: +81-3-3564-8060  
<http://www.sanko-e.co.jp/en>  
E-mail: [contact@sanko-e.co.jp](mailto:contact@sanko-e.co.jp)

